

**Comments on Proposed Cuts to Assisted Living Facilities
From Michael White of Caslen Living Centers
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September 11, 2017**

The state budget encompasses several divisions and I would like to address the current budget cuts to Home and Community Based Services which includes assisted living services for Montana Seniors.

I realize the easiest way to calculate a budget reduction is to pull out a spreadsheet and reduce the numbers across the board. When you do that you ignore the impact to people and the reality of whether those decreases make any sense.

I would appreciate it if the governor and the legislature would consider a couple of other options for addressing assisted living.

One option would be to not reduce rates but reduce access to meet the required cuts. The rates are too low now and most providers have difficulty providing quality care at the current rates. Please do not reduce rates. I know there are waiting lists for assisted living so there is pressure not to reduce access but access and quality of care has to be considered.

Option number two, would be to increase funding by increasing rates and slots. This is what HB17 was designed to do. HB17 was passed by the legislature and signed by the governor. Why would you increase spending during a period of budget cuts? Based on past surveys more providers would accept Medicaid Waiver residents shifting the cost from nursing homes. This cost shift currently would be about \$100/day or about \$36,500 per year per resident. Shifting just 50 residents would save the state about \$1,825,000. This seems clearly the best option.

By reducing rates for assisted living providers, providers will probably reduce the number of Medicaid residents they will be able to accept costing the state more. I would hate to see lawmakers shoot themselves in the foot by getting unintended consequences to assisted living rate cuts.

We are one of the most efficient providers of care to Montana seniors. We are paid on average \$80/day which covers all aspects of daily living. The \$80/day includes all funding private and state. The average private rate in Helena is about roughly \$120/day. That is a \$40 disparity. I would never expect Medicaid rates to be at market rates but I just wanted to share this difference with you to illustrate the shortfall providers are dealing with.

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Our company loses about \$7,300 annually per Medicaid resident and with 18 Medicaid residents that would be roughly \$131,000 per year. The private pay market subsidizes this loss. We can not lose more than this so if rates are reduced we will be forced to move residents to nursing homes. This seems so short sighted because it doesn't achieve the objective of reducing costs. It will increase state spending because nursing home care is an entitlement and state must pay the higher rate.

The operating costs for assisted living have risen sharply over the years. Labor and health insurance are the two biggest drivers. Unemployment is basically at zero. To hire an employee one must hire them away from another company. The employment market is very competitive. Health insurance continues to rise at ridiculous rates. The Medicaid rate increases for assisted living have not kept up with inflation. We desperately need HB17 to be enacted.

Please consider increasing assisted living Waiver rates and the number of slots while addressing the budget shortfall. I believe this will decrease spending significantly for the combined budgets of nursing homes and assisted living. As a tax payer, I would appreciate an overall spending reduction for senior care. Please enact HB17. It is not only the most economical thing to do but is in the best interest of our Montana Seniors.